

COALBED METHANE GAS LEASE

500378-001

July
 THIS COALBED METHANE GAS LEASE ("Lease") is made and entered into as of the 11 day of ~~March~~, **2009** (the "Effective Date"), by and between **Jerry K. Riggs and Rebecca S. Riggs**, having an address at **R.D. 3, Box 80, Cameron, WV 26033**, herein referred to as "Lessor," and CNX GAS COMPANY LLC, a Virginia limited liability company, having an address at 5 Penn Center West, Suite 401, Pittsburgh, PA 15276-0102, herein referred to as "Lessee."

NOW, THEREFORE, WITNESSETH: That, for and in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration, the payment of the royalties herein provided, and the performance of the covenants and agreements herein made, Lessor hereby grants, demises, leases and lets exclusively unto Lessee any and all right, title and interest of Lessor, now owned or hereafter acquired, in and to any and all coalbed methane gas which shall include, but not be limited to, coalbed methane gas, coalbed gas, methane gas, gob gas, occluded natural gas, and other naturally occurring gases contained in or associated with the **Pittsburgh or Sewickley** coalseam and all zones in communication therewith, and all associated natural gas and other hydrocarbons contained therein and all gas originating or produced from coalseam to coalseam (collectively referred to herein as "coalbed methane gas") that is within and underlying those certain tracts or parcels of land as set forth on the attached **Exhibit A** situate in **Liberty** District, **Marshall** County, State of **West Virginia**, herein referred to as the "Premises," together with any and all rights necessary or convenient to develop, produce, market or sell any coalbed methane gas including, but not limited to, the sole and exclusive right and privilege of (a) conducting geological, geophysical or other exploratory work (including core drilling) for any coalbed methane gas on the Premises, and (b) exploring, stimulating, investigating, prospecting or drilling (either vertically, horizontally or directionally), and (c) producing, gathering, transporting, storing, compressing, processing, blending, treating, marketing or selling any coalbed methane gas that Lessee may produce, and rights to construct, maintain, repair or remove roads, electric power or telephone facilities, tanks, structures or pipelines with appurtenant facilities including meters, compression or collection facilities that Lessee may deem desirable for the production or transportation across the Premises of any coalbed methane gas or other products of any kind whatsoever whether produced from the Premises or from any other lands unitized with any portion of the Premises and including without limitation oil, gas, other hydrocarbons, air, water, brine, fluids, carbon dioxide or any other products of any kind (collectively referred to herein as other products) and (d) injecting under pressure any coalbed methane gas or other products into any subsurface strata for the enhanced recovery or stimulation of any coalbed methane gas, or withdrawing the same therefrom, and (e) exercising any and all rights and privileges with

respect to any emission credits, methane capture credits, greenhouse gas credits or other credits or allowances of any kind whatsoever including any credits or allowances relating to the capture of coalbed methane gas or other products of any kind whatsoever and (f) exercising any and all other rights and privileges vested in Lessor that may be necessary, incident to, or convenient for the purposes set out herein. In the event that Lessor has previously leased to another any interest in any coalbed methane gas within the Premises subject to this Lease, this Lease shall be considered a top-lease thereto and as said lease terminates or is surrendered, the interest or interests in any coalbed methane gas so terminated or surrendered shall become a part of this Lease.

1. Term. This Lease shall remain in force for a term of five (5) years from and after the Effective Date (herein called the "Primary Term"), and as long thereafter as any coalbed methane gas is produced in commercial quantities from the Premises or Operations are underway on the Premises or land(s) unitized therewith or for as long thereafter as any coalbed methane gas, or other products are being stored in, held in storage, or withdrawn from, any part of the Premises by Lessee or said Premises are used for the protection of any stored coalbed methane gas or stored other products alone or in conjunction with other lands or Lessee is actively engaged in developing the area including said lands for the storage of any coalbed methane gas or other products. ~~In the event the Primary Term may be expiring and no coalbed methane gas is being produced in commercial quantities from the Premises or no Operations are underway on the Premises or land(s) unitized therewith or no coalbed methane gas or other products are being stored in, held in storage, or withdrawn from, any part of the Premises by Lessee or said Premises are not being used for the protection of any stored coalbed methane gas or stored other products alone or in conjunction with other lands or Lessee is not actively engaged in developing the area including said Premises for the storage of any coalbed methane gas, or other products, then in such event Lessee shall have the option to extend the Primary Term as to the coalbed methane gas for an additional five (5) years ("Extended Primary Term") by providing prior written notice to Lessor on or before the expiration of the Primary Term.~~ It is understood that a well need not be drilled on the Premises to permit the storage of any coalbed methane gas, or other products, and it is agreed that the Lessee's determination as to whether any coalbed methane gas or other products are being stored within any part of the Premises or said Premises or any part thereof is being used for the protection of any coalbed methane gas, or other products shall be final and conclusive. As used in this Lease, the term "Operations" shall include but not be limited to any one or more of the following activities: operations for the drilling (including by vertical, slant, deviated, horizontal or otherwise) of a well, the reworking, recompleting, deepening, horizontal lengthening, plugging back or repairing of a well, or any other operations conducted in an effort to obtain, restore, reestablish, maintain or increase production of any coalbed methane gas from the Premises and/or other lands unitized therewith. Operations shall be deemed to have commenced when the

first work, including any preparatory, incidental or related work such as surveying or staking the location, is initiated for such Operations.

2. Bonus and Delay Rental Payments. Primary Term: Lessee agrees to pay Lessor as rental during the Primary Term of this Lease in lieu of commencement of Operations a total paid-up delay rental in the amount of FIVE THOUSAND SIX HUNDRED FIFTY-TWO & 50/100 Dollars (\$5,652.50) which payment covers the entire and complete period of the Primary Term. Said total rental amount for the Primary Term of this Lease shall be paid at the time this Lease is executed. Payment of said paid-up delay rentals for the Primary Term of the lease shall allow Lessee to delay or forego development, including without limitation to delay or forego production under the Lease and to delay or forego commencement of operations; and notwithstanding any delay in or foregoing of development, this Lease shall continue in full force and effect throughout the Primary Term by virtue of said bonus and paid-up delay rental payments. It is agreed that Lessee may drill or not drill on the land, as it may elect, and the consideration, and paid-up delay rentals constitute adequate compensation for such privilege. Lessee may at any time execute and deliver to Lessor or record a release or releases covering any portion or portions of the Premises and thereby surrender this Lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered. Lessee shall have reasonable and convenient easements for pipelines, pole lines, roadways or other facilities through or over the portions of the Premises surrendered for the purpose of Operations on the portions of the Premises retained, or Operations on other lands which are unitized with any portion of the Premises.

~~(b) Extended Primary Term: In the event that Lessee exercises its option to extend the Primary Term for an additional five (5) years as set forth above as to the coalbed methane gas, then Lessee agrees to pay Lessor as rental during the Extended Primary Term of this Lease in lieu of commencement of Operations a rental in the amount of TEN & NO/100 Dollars (\$10.00) per net mineral acre leased hereunder per year for the period of the Extended Primary Term of this Lease. Said rental during the Extended Primary Term of this Lease shall be paid in advance each year, with the first such payment to be made at the time Lessee provides notice to Lessor that Lessee is exercising its option to utilize the Extended Primary Term. It is agreed Lessee may drill or not drill on the land, as it may elect, and the consideration and rentals paid and to be paid constitute adequate compensation for such privilege. Lessee may at any time execute and deliver to Lessor or record a release or releases covering any portion or portions of the Premises and thereby surrender this Lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered, and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases. Lessee shall have reasonable and convenient easements for pipelines, pole lines, roadways or other facilities through or over the~~

~~portions of the Premises surrendered for the purpose of Operations on the portions of the Premises retained, or Operations on other lands.~~

3. Royalties. (a) Coalbed Methane Gas Royalty: Lessee shall pay to Lessor a royalty equal to twelve and one-half percent (12.5%) of the Net Proceeds of the coalbed methane gas owned by Lessor and produced and sold from the Premises. The term "twelve and one-half percent (12.5%) of the Net Proceeds " is herein defined as 12.5% of the sales price received by Lessee for coalbed methane gas owned by Lessor and produced and sold from the Premises less an amount equal to \$1.00 per MMBtu with respect to heating, sweetening, gathering, dehydrating, compressing, processing, manufacturing, transporting, trucking, marketing, blending, and other costs and expenses incurred by Lessee in marketing said coalbed methane gas and all excise, depletion, severance, privilege and production taxes that are now or hereafter levied, or assessed or charged on coalbed methane gas owned by Lessor and produced from the Premises, which amount the parties are agreed will be presumed to be actually incurred and reasonable. Additionally, it is agreed that any royalty conveyances in Lessor's chain of title shall be deducted from this royalty amount. Payment of royalties due under this Article 3(a) shall be due and payable monthly to Lessor no later than the last day of the calendar month which is three months following the calendar month in which production occurred; provided, however, that in the event any such payment is less than \$25.00, Lessee, at its discretion, may withhold such payment until the total due Lessor equals or exceeds \$25.00.

(b) Shut-In Royalty: If, at any time, any well is capable of producing any coalbed methane gas in commercial quantities, but is shut-in and no coalbed methane gas therefrom is sold by Lessee, the well nonetheless shall be deemed to be a commercially producing well but Lessee shall be under no obligation to market any such coalbed methane gas under terms, conditions or circumstances which, in Lessee's sole judgment, are unsatisfactory; provided that, if the well is shut-in for a period of 90 days or longer, a shut-in royalty shall thereafter accrue at the rate of THREE HUNDRED AND NO/100 Dollars (\$300.00) per each well that is shut-in per year. Shut-in royalties shall be payable Twelve (12) months from the time such well is shut-in and thereafter annually. If the well resumes actual production before the end of any year during which shut-in payments are accruing, payment will be on a pro-rata basis. Shut-in royalty payments shall be deemed a royalty under all provisions of this Lease.

~~(c) Storage: Lessee is hereby granted the right to convert the Premises or acreage pooled or unitized therewith or any portion thereof to storage including without limitation injecting or moving any coalbed methane gas or other products into, storing or holding any coalbed methane gas or other products in, or withdrawing from or removing any coalbed methane gas or other products from any sand,~~

~~strata, formation or void underlying the Premises or acreage pooled or unitized therewith. If Lessee elects to exercise the aforementioned rights to convert to storage, Lessee covenants and agrees to pay Lessor as payment in full for said storage in lieu of all shut-in payments and in lieu of any royalties for the production of any coalbed methane gas or other products from the Premises or acreage pooled or unitized therewith in which any coalbed methane gas or other products may be stored, when no wells on the Premises or acreage pooled or unitized therewith are utilized for the storage of any coalbed methane gas or other products, an annual storage rental of SIXTY & NO/100 Dollars (\$60.00) per net mineral acre of coal owned by Lessor per year, payable annually in advance, beginning at the next payment date after any coalbed methane gas or other products shall have been stored under the terms of this Lease and continuing until the Premises or acreage pooled or unitized therewith shall no longer be used for storage purposes, or until wells on the Premises or lands unitized therewith are utilized for the storage of any coalbed methane gas or other products in which event Lessee shall pay to Lessor the greater of an annual storage rental of SIXTY & NO/100 Dollars (\$60.00) per net mineral acre of coal owned by Lessor or an annual storage well rental or royalty of TWO HUNDRED and NO/100 Dollars (\$200.00), per well annually in advance as long as such well shall be so utilized subject to the right of surrender provided for in this Lease.~~

(d) Venting: Use of Water or Coalbed Methane Gas: Lessee shall have no obligation to recover, and no obligation to pay royalty on, any coalbed methane gas that may be vented by a coal operator or that may be vented by Lessee for safety purposes or to remove impurities therefrom; and Lessee shall have no obligation to recover or pay royalty on any coalbed methane gas that may be lost during repairs to or testing of any well, or during the gathering and/or transmission of any coalbed methane gas, or other products or as may be necessitated by any coal mining activities. Lessee shall have free use of water or any coalbed methane gas in its Operations or activities pursuant to this Lease, and Lessee shall not be obligated to compensate Lessor for any such water or any coalbed methane gas so used.

4. Pooling. Lessee, at its option when, in Lessee's judgment, it is necessary or advisable to do so in order to develop or operate the Premises, may voluntarily pool or pool according to statutory authorization or combine any part or parts of the Premises including without limitation any part or parts of any formations, seams, zones or depths leased hereunder with any other land, lease, leases or parts thereof including without limitation any part or parts of any formations, seams, zones or depths of any other land, lease or leases into one or more unit or units for the production of the any coalbed methane gas through any type of wells including without limitation vertical, horizontal, or slant hole wells, primary or secondary recovery methods (including by water flooding, gas injections or injections of other products) or combinations of any other drilling or recovery techniques whether or not such drilling or recovery technique is known at the date this Lease was entered into ~~or for the exercise of Lessee's storage~~

~~rights set forth in this Lease.~~ Such units may be enlarged, revised, or altered in any manner whatsoever including without limitation the drilling of additional wells when, in Lessee's judgment, it is necessary or advisable to do so in order to develop or operate the Premises. Lessor agrees that the production on which the royalty specified in Article 3 above is calculated shall be that proportion of the amount of any coalbed methane gas owned by Lessor that is produced and sold from any part or parts of the Premises including without limitation the amount produced from any part or parts of any formations, seams, zones or depths leased hereunder as compared to the total coalbed methane gas that is produced and sold for such unit. Notwithstanding anything to the contrary contained in this Lease, the commencement of Operations on any such unit shall have the same force and effect in all respects as the commencement of Operations on the Premises hereby leased, and Operations conducted on any such drilling unit or production of any coalbed methane gas anywhere from such drilling unit shall have the same force and effect as drilling or Operations conducted on or production obtained from the Premises for all purposes, including but not limited to the extension of the term of this Lease. ~~Notwithstanding anything in this Article to the contrary, the provisions of Article 3(c) relative to the payment and amount of storage rentals and royalties shall be controlling and in no way affected by this Article.~~

5. Force majeure. If any activity or Operation permitted or required hereunder, or the performance by Lessee of any covenant, agreement or requirement herein provided, is delayed or interrupted, directly or indirectly, by any past or future act, order, regulation or requirement of the Government of the United States or any state or other governmental body, or any agency, officer, representative or authority of any of them, or because of delay or inability to get access or easement, or war, armed hostilities, failure of purchasers or carriers to take or transport such production, act of God, labor disturbance, strike, civil disturbance, shortage of equipment or materials, fire, explosion, or flood, or any other event beyond the control of Lessee (any one or more of which shall be referred to as *force majeure*), the period of such delay or interruption shall not be counted against the Lessee; and the passage of time under this Lease shall automatically be tolled and extended during such period of *force majeure* and for a period of two (2) months thereafter. The Lessee shall not be liable to Lessor in damages for failure to perform any Operations, or failure to produce any coalbed methane gas, or failure to perform any other covenant of this Lease, during such period of *force majeure*. Lessee shall be relieved from all obligations under this Lease during the continuance of such *force majeure*, except for the obligation to pay royalties due for any coalbed methane gas owned by Lessor and produced and sold prior to the commencement of such *force majeure*. All expressed or implied covenants of this Lease are subject to the application of all federal and state laws, executive orders, rules and regulations, and Lessee shall not be deemed to be in violation of its obligations under this Lease as a consequence of Lessee's compliance with such laws, orders, rules or regulations.

6. Title. Lessor warrants specifically only such title to any coalbed methane gas as it may have, if any. Lessee's sole and exclusive remedy for Lessor's partial or total failure of title shall be for any monies, royalties, or other things of value received by Lessor for or on account of any coalbed methane gas, the title to which shall have failed and Lessor shall promptly repay to Lessee such monies, royalties or other things of value upon a final determination of title failure. In the event of any question, claim or controversy inconsistent with Lessor's title to or ownership of the Premises or any coalbed methane gas produced therefrom exists, or in accordance with the provisions of any relevant statutes, rules and regulations, Lessee may suspend the payment of royalties (including shut-in royalties) by keeping them in an interest bearing escrow account until final judicial determination of such question, claim or controversy, and then to distribute the same, including interest, among those lawfully entitled thereto. In the event Lessee is required by any such final adjudication to pay any one other than Lessor for any coalbed methane gas for which royalties have previously been paid to Lessor, Lessee may, in addition to any other remedies available to Lessee, recoup such overpayment from future royalties due Lessor under this Lease or from any other sums due to Lessor under any other lease, contract or agreement between Lessor and Lessee or a subsidiary, parent or affiliate of Lessee.

7. Indemnity. Lessee covenants and agrees to indemnify, defend and hold Lessor harmless from and against any and all losses, claims, liabilities, damages, expenses and costs, including attorney's fees, arising from personal injury, including death, or property damages to any person occurring, directly or indirectly, as a result of Lessee's Operations and activities conducted pursuant to this Lease; provided, however, that the foregoing indemnification will not cover loss, damage or liability arising from the intentional or negligent acts of Lessor.

8. Lessee May Pay or Redeem; Lesser Interest. Lessee may, at its option, pay, discharge and/or redeem any overdue tax, mortgage or other lien owed by, or claimed to be due from, Lessor bearing upon the Premises or Lessor's ownership of any coalbed methane gas recoverable therefrom; and, in the event of any such payment or redemption, Lessee may reimburse itself out of the royalties thereafter accruing hereunder. In addition, it is agreed that, if Lessor owns an interest in the Premises or any coalbed methane gas that is less than the entire undivided ownership of the mineral interest therein, including all royalty rights related thereto, then the royalties and other payments to be paid to Lessor by Lessee shall be reduced and adjusted proportionate to Lessor's lesser interest in the Premises and any such coalbed methane gas.

9. Breach or Default. This Lease shall not be deemed forfeited or canceled and no litigation shall be initiated until Lessor has given Lessee written notice fully describing the breach or default including without limitation the failure to pay any royalties hereunder, and then only if Lessee fails to commence actions to remedy the

breach or default within 90 days from the receipt of the notice. In the event the matter is litigated and there is a final determination that a breach or default has occurred, this Lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to remedy said breach or default. Neither the service of said notice nor the doing of any acts by Lessee intended to satisfy any alleged breach or default shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder. If this Lease is forfeited, terminated or canceled for any cause, it shall, nevertheless remain in full force and effect as to (a) sufficient acreage around each well as to which there are Operations, so as to constitute a drilling or maximum allowable unit under applicable governmental regulations, such acreage to be designated by Lessee in such shape as then existing spacing rules permit; or (b) any part of said land included in a pooled unit on which there are Operations. Lessee shall also have such easements on said land as are necessary or convenient for Operations on the acreage so retained or other lands.

10. Assignability. This Lease and all of the conditions, covenants and terms thereof shall extend to and bind the successors and assigns of Lessor and Lessee. The rights of either party to this Lease may be assigned in whole or in part and the provisions of this Lease shall extend to and be binding upon their respective heirs, successors, personal representatives and assigns. No change of ownership of the Premises, or in the right to receive royalties or other payments hereunder, shall be binding on Lessee until thirty (30) days after Lessee has been furnished with written evidence satisfactory to Lessee of such change of ownership or right to receive payments. If the Premises should be subdivided or partitioned or otherwise owned in severalty or in separate tracts, the Premises nevertheless may be developed and operated by Lessee as one lease; and, absent written instructions signed by all owners, all royalties and payments provided for hereunder shall be divided among, and paid to, such separate owners in the proportion that the acreage owned by such separate owner bears to the entire leased acreage.

11. Surrender; Removal of Fixtures. Lessee may surrender this Lease in whole or in part at any time whatsoever. Lessee shall have the right at any time, and from time to time before and after expiration of this Lease, to remove all fixtures installed on the Premises, including the right to draw and remove casing, except that coal protection casing will not be removed without Lessor's consent.

12. No Implied Warranties or Covenants. The parties have expressed herein their entire understanding and agreement, and it is expressly stipulated that no implied covenants or conditions whatsoever shall be read into this Lease (except covenants of title and quiet enjoyment ordinarily implied in a grant) including without limitation any covenants or conditions relating to the development of the Premises within

a certain time frame, relating to the production of any wells, offsets or otherwise, relating to any other operation of the Lessee hereunder or to the measure of diligence therefore, or relating to anything to be done by the Lessee including the plugging and abandoning of any wells at any time for any reason.

13. Notices. All notices and/or payments necessary to be given under the terms of this Lease shall be directed as follows:

(a) If to Lessor:

(b) If to Lessee:

CNX Gas Company LLC
5 Penn Center West, Suite 401
Pittsburgh, PA 15276-0102

or to such other address as each party hereto may designate by written notice to the other party, and, except as herein otherwise provided, the deposit in the mail of any written notice so addressed with postage prepaid shall, for the purpose of this Lease be notice to the addressees of the contents of such writing.

IN WITNESS WHEREOF, the undersigned parties have executed this Lease as of the day and year first above written.

LESSOR:

David C. Hall
Witness

Jerry K. Riggs (Seal)

David C. Hall
Witness

Rebecca S. Riggs (Seal)

LESSEE:

Shawn Smith
Witness

CNX GAS COMPANY LLC

By William J. McDonald
Its VP Land

STATE OF Pennsylvania,COUNTY OF Greene, to-wit:

The foregoing instrument was this day acknowledged before me, the undersigned notary public, by Jerry K Riggs + Rebecca S. Riggs.

COMMONWEALTH OF PENNSYLVANIA

Notarial Seal

Kathleen R. Demchak Notary Public
Waynesburg Boro, Greene County
My Commission Expires Nov. 16, 2010

Member, Pennsylvania Association of Notaries

(Notarial seal)

My Commission expires Nov. 16, 2010

Kathleen R. Demchak
Notary Public

Jan Pest
MARSHALL County 10:35:29 AM
Instrument No 1299663
Date Recorded 02/08/2011
Document Type O&G
Pages Recorded 10
Book-Page 723-16
Recording Fee \$10.00
Additional \$7.00

STATE OF West Virginia,COUNTY OF mercier, to-wit:

The foregoing instrument was this day acknowledged before me, the undersigned notary public, by William Gillenwater, VP Land for and on behalf of CNX Gas Company LLC.

Given under my hand and notarial seal this 29 day of September, 2009.

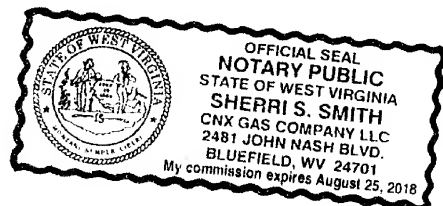
My Commission expires 8/25/2018.

(Notarial seal)

Sherri S. Smith

This instrument was prepared by:

Ryan J. Morgan, Esq.
Stephoe & Johnson PLLC
P.O. Box 1588
Charleston, WV 25326-1588



STATE OF WEST VIRGINIA, MARSHALL COUNTY, SCT.:

I, JAN PEST, Clerk of the County Commission of said County, do hereby certify that the annexed writing, bearing date on the 11th day of June, 2009, was presented for and by me, admitted to record in my office upon the above certificate as to the parties therein named this 8th day of February, 2011 at 10:35 o'clock AM.

TESTE:

Jan Pest

Clerk.